

Durham Civic Center Authority Meeting Minutes

Tuesday, February 21, 2006

8:00 am – 10:50 am

Members present: Rod Abraham, chair, Angela M. Elkins, Josh Parker, Mohammad Rashdi, George Stanziale, Ed Stewart, and Robert VanDewoestine

Members absent: None

Durham City and County representation Elizabeth Stoeber, Sharon DeShazo, and Harmon Crutchfield

Management Company present: Ken Lile, Yvonne Patton and Dave Messinger

Others present: Reyn Bowman

Minutes - Executive Summary:

- The management company submitted a forecast that their deficit will be \$201,764 higher than the 2005/06 budgeted deficit of \$1,053,216. The Board requested a further explanation of this at the next meeting, particularly the spending budget which was forecast to use the full amount budgeted.*
- There is a disconnect between the period of time the management company was assuming available for bookings in 2007 and the City's timeline for necessary retro-fitting and renovations in the Exhibition Hall. This is to be addressed by a session of both parties in the next 10 days.*
- The budget submitted for 2006/07 had a forecast deficit of \$912,348.00. While this is down from the budgeted and forecast deficits for 2005/06 it is much higher than the 2004/05 deficit of \$790,199. The Board needs further explanatory material (benchmarks would be very helpful) to be able to take a recommendation to the city and county.*
- The recommendation is for a sign in the City plaza identifying the Durham Civic Center. A sign designed by a professional graphic designer and not a sign company. The board would like cost of the construction and design of the sign to be included in the 2006/07 budget.*

1. Call to Order/Chairman's Report

The meeting was called to order by Mr. Abraham, chair. Mr. Abraham stated his position on having to step down as chair effective the end of May 2006. He suggested forming a nominating committee. Further discussion will be revisited during the New Business/Old Business sector of this meeting.

2. Approval of Minutes

Motion of approval for January 17, 2005 minutes moved by Mr. Stanziale, seconded by Ms. Elkins voted and agreed upon by all.

First order of business:

3. Management Company Report and Marketing Plan presentation

The management company is awaiting contract lease options from the City of Durham for proposed gift shop venue. David Fleischer, General Service's real estate officer is taking the lead in developing a simple lease agreement. A boiler plate agreement was sent to Mr. Lile to create a snapshot of what he is to expect. The agreement will include a market rate assessment based on square footage. The City and County representative, Ms. DeShazo contacted Mr. Lile on proceeding with up fitting the proposed gift shop area with floor tile and wall vinyl. In the event the City space reverts to a meeting area, the City of Durham will incur cost to up fit the area for floor tiles and wall coverings.

Saturday, February 18, marked the start of community involvement in collaboration with the City of Durham in successfully planting 1,000 daffodil bulbs in the City's Plaza development. This is an effort to positively impose improvements in the plaza following City guidelines. Dorothea Pierce, Keep Durham Beautiful program coordinator spearheaded the event. There were eight volunteers, including Mr. Lile, general manager of the hotel. Mr. Lile provided hot chocolate for the event. Other issues in the Plaza were sited and will be discussed by the City's internal committee. Those issues include: handrails, signage, ADA compliance and lighting.

City pins have been requested and distributed for the management company staff to wear as part of Civic Center identification. Not all of the management company staff will wear these pins. County pins have been requested and an update will be provided.

Cost for adding "Durham" to the Civic Center" signage over the archway entering that area has been investigated, and letters will be ordered for installation in the archway above the Civic Center entrance within the next 90 days. Sales office signage has removed the word "Marriott". Existing podium signage will be removed within the next 30 days and the management company is exploring a collaboration of identities for a new podium sign.

A phone line has been established for the Durham Civic Center and is answered in the Sales and Catering office as "Durham Civic Center". A consistent Durham Civic Center has been present in local telephone book white pages for some time; however, the next publication will have a separate identification for the Durham Civic Center in yellow pages as well.

Identification is needed through proper signage in the City plaza. Power is available in the ground for a sign. Specifications include: an 80 square feet (4 ft. sign) with a possible flood lights design. The Management Company will get a draft to the City. Are there enough funds in the budget to commit to this project? The City stated that any design and implementation of a sign must follow State Purchasing laws. The City also noted that if the sign is to be installed in City right of way, the project needs approval by the City. Mr. Lile noted that such a sign was included in last years CIP request. Mr. Abraham requested a ballpark of cost. Mr. Stanziale was not in favor of hiring a sign company to design a sign of such significance. He prefers to engage the services of a professional graphic designer. The first step in the process is retrieving a cost via a bid process for the design of the sign and the construction needs to be included in the budget process; then getting an RFP done. We need to know the threshold of money to be spent and be

able to provide three bids. City Plaza internal team has been meeting and discussing City Plaza issues, including signage and will look into next steps. The team will engage the expertise of General Services, ADA coordinator, Guillermo Rodriguez on ADA issues. A discussion of addressing City Council – fund a design contract for the City Plaza. A motion was made by Mr. Stanziale that the Authority recommends the owners appropriate funds for the redesign of the Plaza and appropriate money for construction. Ms. Elkins seconded and it was agreed upon by all. (Please note that the Plaza is City owned). This approach will be more powerful coming from the Authority. We should refer to the C. H. Johnson Consultant report for comments on the City Plaza. Mr. Parker feels consideration should be made toward the expansion of the Civic Center instead of a sign. Discussion needs to be tabled until we get a response from the owners. Concern was noted on timeliness of this venue being funded in this 2006/07 budget. Mr. Crutchfield suggested taking this information back to Mark Greenspan, director of General Services.

Ms. Elkins voiced concern over the length of time it takes for bond money to be implemented. There is money in the bond specifically for the Civic Center. Bond money is specific for bond use. An oversight committee has been created to ensure this process is properly implemented. The City and County is in process of developing a timeline for all Civic Center bond approved projects. Mr. Stanziale stated that we can limit our motion to signage. Mr. Rashdi seconded limiting motion to signage for now. ***The motion stated putting out an RFP of design for a professional sign for the Plaza designed by a professional graphic designer.*** Mr. Abraham asked: what is the path of action needed to take in this process. The first step is going through General Services.

A motion was made by Mr. Abraham and seconded by all for ***Authority minutes to be distributed from this day forwarded to appropriate City departments and City and County Clerks offices for City Council's and County Commissioner's*** perusal.

Ms. Patton presented a 2006 Marketing plan which was distributed to all. The sales team is currently seeking and working on new accounts. January is historically viewed a slow month for generating revenues. The Marketing Plan shows how banquet beverage revenues are declining. This is happening throughout the industry, and what is the competition doing about this? The past CIAA tournament has attributed to generating revenue. Business is increasing due to North Carolina Central University athletics. Mr. Stewart noted disappointment in Sales not including North Carolina Central University in their position statement; particularly since the university is listed as their third highest revenue generating account. Weddings capture the number one revenue generating source. Catering includes Food and Meeting Rooms. *(In the future the first column needs to be all revenue in order to get the entire picture).* Business is seasonal and is difficult to forecast *(experience peaks and valleys)*. The numbers reflected in the second column are amounts generated upon Ms. Patton's arrival. Mr. Abraham stated that it is good to budget low. Mr. Stewart wanted to know why March and

May forecast shows an increase. Ms. Patton stated she was looking at business recorded on the books. The report is not a forecast but a definite book business. There is opportunity with Duke University. The sales team has an interesting method of retrieving university contracts through a process called “7 day scramble”. The processes includes sales being on a twenty four hour watch; then taking the different university athletic schedules and comparing them with the Civic Center’s availability. These are primarily football schedules. Mr. Abraham wanted to know how revenue and expenses look and is it consistent with the competition. Ms. Patton stated that she could give reasonable assurance that the financial presence is accurate. In general, Ms. Patton could not answer that question due to the unavailability of other marketing plans. Mr. Abraham stated – “should there be an interim step, such as budget re-appraisal”? Ms. Elkins wanted to know why there is such emphasis on athletic endeavors. Ms. Patton replied “yes” they do look at other market segment strategies. A list of other segments was mentioned: the league of municipalities, AIA and the Urban Land Institute. ***The authority members were asked to provide a list of three groups influenced by each member for market contacts.*** Due to time constraints as suggested by Mr. Parker, the authority agreed to scrutinize the marketing plan further at a later date.

4. **City Administration Update** *(abbreviated due to budget presentation)*

This report is provided by the City and County’s representative: Ms. DeShazo
We are moving forward on a number of items:

- ***Exhibition Hall renovation***
 - **Project Manager Doreen Sanfelici** currently working on this project
 - Square footage of space confirmed at 18,500 square feet.
- Scope of work to include:
 - Lighting fixtures – same quality as existing ballroom (chandelier, can lights, wall sconces and dimmers). Dimmer controls for each kind of light fixture.
 - Acoustical ceilings to match exiting ballrooms using crown moldings instead of sheet rock sofit.
 - Replacing exiting carpet with ballroom quality wool carpet
 - Extend sprinkler lines and re-install sprinkler heads.
 - Provide speakers and wiring to sound system
 - Install Vinyl wall covering to match Ballrooms. (No wainscoting)
 - Install new doors at public entrance to ballrooms.
 - Create a service corridor in the back of exhibit halls
- Budget Timeline includes:
 - **3/12/06 – Negotiate contract with James King, architect**
 - 4/17/06 – City Council Meeting
 - 5/01/06 – Notice to Proceed issued to the Architect
 - 7/08/06 – Schematic Design complete
 - 9/20/06 – Design Development complete

- 11/18/06 – Construction Documents complete
 - 12/02/06 – Advertising for Contractor
 - 1/15/07 – Contractor selected
 - **1/29/07 – Negotiate Contract with Contractor**
 - 3/05/07 – City Council Meeting
 - **3/22/07 – Notice to Proceed issued to Contractor**
 - **09/18/07 – Substantial completion**
 - ***Inventory of City Assets***
 - In process of identifying City of Durham fixed assets at the Civic Center with a threshold over \$5,000. (City owned items need to be identified and tagged)
 - Kitchen equipment, computers, piano and big ticket furniture is included in list of items.
- Ken and Ms. DeShazo set to meet on Wednesday, February 22 at 11:00 to begin process of inventory control.

In presenting a City update to the Authority on the Exhibition Hall Timeline, the management company presented strong opposition to dates implemented in moving forward with this project. Dates of particular concern include (3/22/07) notice to proceed issued to Contractor, (1/29/07) Negotiate contract with Contractor and final date (09/18/07) denoting substantial completion. Mr. Stanziale of the DCCA added through his experiences that the Contractor, (*after receiving the notice to proceed*) will require lead time in ordering big ticket supplies i.e. carpet. The management company stated that this lengthy process will substantially impede revenue generation planned for the upcoming fall season. Within the next ten days a meeting will need to be organized and met to discuss the process of the City's timeline and the possibility of expediting areas within the timeline to include marketing plans already in place. The management company needs a clear understanding of how our City processes function. The information needs to be translated in dollars. What will the construction of the exhibition hall mean for present business in regards to noise and disturbance caused during construction? How will it affect business? The management company thought this renovation would be completed following a quicker timeline. The timeline will be explained in detail during an upcoming meeting. Mr. Crutchfield suggested that General Services meet with the management company in a collaborative effort to discuss in detail the timeline of the renovation in the exhibition hall. All information will be disseminated to the authority via email.

5. **Civic Center Budget**

Mr. Messinger discussed the 2006-07 Civic Center budget and dispersed supporting financial data. Data was previously dispersed via email to each authority member Friday, February 17 prior to this meeting. All authority members will communicate to Mr. Messinger with a copy to Mr. Abraham in identifying two or three measurements to assist in accessing the health of the organization.

Mr. VanDewoestine raised the need to understand the \$201,764 deficient shown in the 2005/06 current year actuals. Mr. Messinger has been charged with providing a summary showing how he arrived at this amount. Why is the revenue showing a deficient in comparison to expenses? What is the position on the 2006/07 budget which shows a \$912,000 deficient?

What are we getting for the money we are giving? The Civic Center generally operates at a deficient and this needs to be explained – there need to be reasons.

Mr. Abraham needs support from the authority to defend the numbers.

We need to get comparisons from other Civic Centers (*need industry comparisons*). How does this compare? What is the reasonable amount of money we can expect to lose? We need to be realistic about benchmarks. We are different and may not be like any other Civic Center. Some expenses will have to be paid – utilities. If we are going to be competitive in the marketplace – we are going to have to pay for marketing. Mr. Stewart stated that we are going to be looking very closely at expenses. The City is spending money on street repair and is expecting a return on this investment. The authority is in need of a plan on how to change things.

Mr. Stewart inquired about DCCA meeting expenses. It was stated that in the past a budget was denied for this type of fund. Everything involves a policy decision – presently the authority does not have a slush fund for such expenses.

6. DCCA Position on Consultants Reports – Update

Time constraints did not permit discussion on an update of the DCCA's position referencing the Consultants report.

7. New Business/Old Business

Mr. Abraham will represent the authority at an upcoming DCVB Annual Tribute Luncheon on Wednesday, March 1, 2006 at the American Tobacco Historic District, Bay 7 from 11:30am – 1:00pm.

The new contract agreement states the management company is to submit to the Authority a marketing plan and a budget. The authority is to agree or disagree on accepting both.

Motion of approval for the marketing plan was moved by Mr. Stewart, seconded by Mr. Parker voted and agreed upon by all.

Motion of approval for the 2006/07 Civic Center budget was moved by Mr. Stanziale, seconded by Mr. Rashdi:

The Durham Civic Center Authority recommends the approval of the 2006-07 operating budget conditioned upon:

- ***More concise data justifying the deficient***
- ***A long range plan for minimizing future deficient compatible with similar public facilities.***

8. Wrap-up and Adjournment

We want the management company to note that we need goals. The marketing plan should state goals of increased marketing.

Discussion of a ***Finance and Budget task force*** with metrics related to next years budget.

- To set long range goals pertaining to what we should be doing every month

Mr. Abraham will develop this.

There are reasons why people don't want to come to Durham and those issues need to be addressed – so that the owners know what we are up against.

Ms. DeShazo will compose an email requesting interest on ***the position of attaining a new DCCA chair*** when Mr. Abraham steps down at the end of May 2006. The email will reference nominations and a statement of interest from the board which will also include interest for a vice chair. This email will be sent by the end of the work week (Friday, February 24, 2006).

There being no further business, the Chair adjourned the meeting at 9:50 am.